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HOUSE PASSES CREDIT CARDHOLDERS BILL OF RIGHTS

Measure Intended to Protect Consumers from Abuse by Credit Card Companies

WASHINGTON, D.C. - To help end unfair and abusive practices by credit card companies, the U.S. House of Representatives passed the Credit Cardholders Bill of Rights today. Seventh District Congressman Dave Obey (D-WI) was a cosponsor of the consumer protection measure.

"Credit cards play an important role in our economy, but credit card companies are taking every opportunity to profit at consumers expense by increasing interest rates or imposing new hidden fees," said Obey, the Chairman of the House Appropriations Committee. "For example, right now, there are a number of credit card companies who will jack up your interest rate even if you've never missed a payment or been a day late paying your bill to them. The small print on their contract says they can charge you more if you've missed some other payment on somebody else's bill. So, if you go on a vacation and you're a week late paying your electricity bill, if that gets reported on your credit report, a credit card company can take your 5 or 10 percent interest rate and jack it up to 30 percent or more, no questions asked, even though you've never been late with a payment to them."

"That's nothing but usury," Obey added. "With the economy as tough as it is, people who pay their credit cards on time and remain within their credit limit shouldn't have to worry about having their interest rates jacked up."

The measure, which must still be approved by the Senate before it can be signed into law, would, among other things:

- Offer cardholders the right to cancel their card when faced with a rate increase while paying off their existing balance at the rate they agreed to when they borrowed it.
- Protect cardholders from arbitrary rate increases for reasons unrelated to whether

they have paid their bills on time by barring issuers from applying such rate increases retroactively, to existing balances. This would eliminate the incentive for issuers to arbitrarily raise rates based on reasons unrelated to the customer's performance on the account, where those reasons don't justify the rate hike.

- Ban collection of interest on amounts already paid.
- Require issuers to allocate a cardholder's payment between their balances, where cardholders have balances at different rates, instead of only applying it to the balance with the lowest interest rate.
- Stop issuers from using "prime rate", "fixed rate" and similar terms in a deceptive way by setting a single definition of such terms.
- Require that payments made before 5pm EST on the due date be considered on time and be credited that day.

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